



Air Force Space Command and National Defense Industrial Association Forum on Acquisition

Acquisition and the Services Community

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Objectives

- Review parameter under which services/O&M companies operate
- Show effects of Government actions on costs and our willingness to bid
- Provide understanding of industry's service delivery rate structures





<u>Services / O&M Parameters</u>

- Margins in service/O&M contracts are lower than development
 - Must maintain low overhead and indirect costs
 - Little or no money for investment, IR&D, etc
 - Limited B&P funds one year dollars
 - No standing army of proposal folks
- Contract durations and values are also shorter
 - Faster & more frequent bid cycles
 - Continually defending incumbency
 - Typically many bidders

We live in a dollar constrained world. If we can't make a case for a bid with high Pw and reasonable entry costs, we won't bid.





- Phase 1- Identification / Preparation
 - Internal company competition for limited Bid & Proposal dollars
 - Limited information flow may delay identification to decision makers
 - Filtering process must sort through a long list of opportunities
 - Customers typically at Wing level much harder to get access

Without timely information flow, the assigned marketing person may not win the battle for B&P dollars. The Government loses a potential bidder.





- Phase 2 Qualification
 - Teammates are more interested if positive bid decision is made early
 - Limited information flow may cause us to not be able to convince bosses to give initial bid decision
 - Delays cost us our standing on the priority list for B&P and resources

Lack of good information will result in a delayed decision which usually means no bid.

Government loses a bidder.





- Phase 3 Pre-Proposal
 - Access to a meaningful bidders library is critical
 - Access to "workers" helps us understand the environment
 - FOIA'd contracts available quickly
 - Government vision clearly stated -- allows for innovation and differentiation.
 - Site tours allow questions and time for observations
- •A firm schedule allows for resource planning Lack of information or schedule slips at Phase 3 start to really impact cost, availability of resources (people, proposal rooms, production, etc.), quality of proposal and even bid decisions.





- Phase 4 Proposal
 - RFP released just before Holiday
 - RFP doesn't look like draft
 - Slips in RFP & amendments impact proposal team, facilities cost dollars and affects internal company schedule for other efforts

At this point, changes and slips cost more money - Rate increase?? Impact other bids which impacts growth which impacts Board of Directors & Wall Street which impacts

MY IOB





- Phase 5 Post Proposal
 - Leveling playing field with ENs means best value equals low price
 - Numerous rounds of ENs mandates keeping team together longer
 - Open EN discussions means questions are answered first time

Good, open information exchange at EN time will result in better answers and fewer future rounds of ENs. A good, open exchange from day one could mean award without discussion.





- Phase 6 Transition / Phase-In / Pre-Start-Up
 - We won and I'm still employed!!!
 - •Transition starts 15 Dec and Government counterpart is on leave
 - Information flow stops
 - May need help with ASCON Agreements

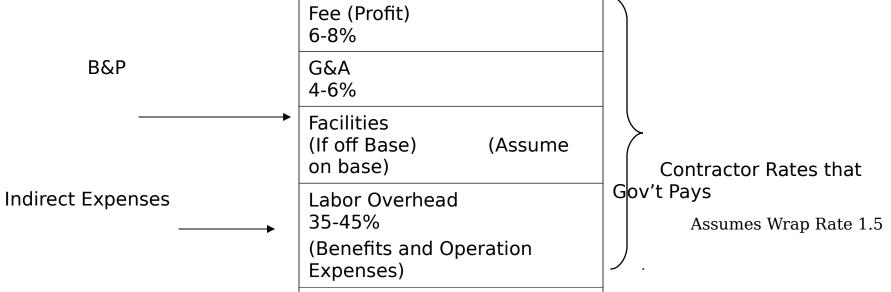
An action transferred is not an action completed.

Transition/ phase in is a time to work closely so all concerns are address. We don't want you to do our job but we want to know your concerns, needs, etc.





Service Company Rates



If a bidder has a much lower overce three others, they may have the perfect answer or be cutting corrected by in. Remember:

- •Low benefits/salaries = unhappy employees, high turnover technical risk
- Low fee could affect willingness to voluntarily go the extra mile
- •Low fee negatively impacts customer/user leverage to get

We all strive to do good -Past Performance is our future. However, hold our feet to the fire for what we bid





Summary

- Industry and the Government are in the proposal process together
- Communication is critical in every phase of proposal development – both ways
- The goal of every contractor is to do an Excellent Job since that is our future.
- You are one of the keys to our performance and contract success